

Museums Association Submission on the Spending Review 2015

1. About the Museums Association

The Museums Association is a membership organisation representing and supporting museums and people who work for them, throughout the UK. Members include all types of museums, from small volunteer-run organisations to large nationals and people working in all types of roles from directors to trainees and volunteers. The Museums Association was founded 126 years ago, in 1889, and was the world's first professional body for museums. We lead thinking in UK museums with initiatives such as *Collections for the Future*, *Sustainability and Museums*, *Museums 2020* and, most recently, *Museums Change Lives*. We receive no regular public funding and are independently funded by our members.

2. How public investment in museums delivers public benefit

Museums are a core part of the UK's cultural life. They are much loved by UK residents – over half of adults in the UK (52%) have visited a museum at least once in the past year¹. They are also a key draw for overseas visitors to the UK – 48% of international holiday visits within England and 55% in London include a visit to a museum.²

The public benefits that museums deliver extend far beyond visitor numbers. Museums help to meet the government's policy priorities across a range of areas:

- **Economic value** – The museum sector acts as a multiplier for public investment. It generates £3 of additional income for every £1 of public sector support. It also supports over 40,000 employees (often highly skilled) across over 2,500 organisations.³
- **Tourism** – Museums act as magnet for tourists visiting the UK. Visit Britain's research has found that: "Culture and heritage is the most important part of Britain's tourism offering."⁴
- **Education and learning** – Museums are a vital part of most children's education, with over 63% of English schoolchildren taking part in museum visits.⁵ They have also supported the government's Apprenticeship programme by offering quality apprenticeships to young people.
- **Stewardship of heritage and collections** – Museums collect and care for priceless cultural, scientific and historic collections, and hold them in trust for the public to reflect histories of local, national and international importance.

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https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/437854/Dashboard_spreadsheets_2014_15_Q4.pdf

² International Passenger Survey 2009, Office of National Statistics.

³ http://www.artscouncil.org.uk/media/uploads/The_Economic_Impact_of_Museums_in_England-FINAL_REPORT.pdf

⁴ <http://www.visitbritain.org/insightsandstatistics/topics/cultureheritage/>

⁵ <http://www.museumsassociation.org/museums-journal/news/28082013-fall-in-children-visiting-museums>

- **Health and wellbeing** – There is a growing body of evidence that links museum practice to a range of positive health and wellbeing outcomes. One prominent example is the widespread offer of museum activities, reminiscence sessions and object handling for people living with dementia and their carers.⁶
- **Creating better places to live and work** – Museums have been at the heart of successful regeneration plans for towns and cities across the UK. Notable examples include the Turner Contemporary in Margate, the Hepworth in Wakefield, Barnsley Museum and the Museum of Liverpool.
- **Scientific and cultural research and innovation** – Museums are an important source of research and innovation based on their unique collections.
- **International reputational benefits and soft power** – Museums in the UK act as a beacon for British innovation and achievement across the world.

There is a widespread public expectation that these benefits will continue to be supported through general and local taxation. Arts Council England’s Public Attitude Survey (2014) showed that 70% of the public supported maintaining public investment in museums⁷.

3. Current museum funding in the UK

The museums sector has – like almost all other areas of public expenditure – played its part in helping to reduce public expenditure in the past five years as funding has decreased from the Department for Culture, Media and Sport (DCMS), Arts Council England (and equivalent devolved agencies) and local government funding. In total, museums in England cost the taxpayer just £660m in 2012-13⁸, with small additional amounts for museums under the devolved administrations.

The Museums Association’s latest Cuts Survey⁹ showed that the impact of funding cuts are being felt most severely in local authority museums and, to a lesser extent, in national museums. There is also an important geographical distinction – those suffering most are often outside of London, as they are less able to count on rapid and substantial increases in earned income or philanthropic giving.

Of particular concern is the fact that 1 in 10 museums surveyed reported considering selling off items from their collections. Recent cases, such as the sale in 2014 of the Sekhemka statue by Northampton Borough Council¹⁰, have demonstrated the real and increasing risk to the nation’s cultural heritage. We believe that more of these cases are likely to occur as local authorities find themselves looking for further savings.

Diminishing funding has also had a detrimental impact on ‘frontline’ museum services. Museums are reducing their opening hours and education services as their overall capacity is reduced. This is a

⁶ <http://www2.le.ac.uk/departments/museumstudies/rcmg/publications/mind-body-spirit-report>

⁷ http://www.artscouncil.org.uk/media/uploads/pdf/Stakeholder_focus_research_April_2014.pdf

⁸ http://www.artscouncil.org.uk/media/uploads/The_Economic_Impact_of_Museums_in_England-FINAL_REPORT.pdf

⁹ <http://www.museumsassociation.org/campaigns/funding-cuts/cuts-survey>

¹⁰ <http://www.museumsassociation.org/download?id=1104735>

direct result of reduction in staffing in museums. More than half (53%) of respondents to the Cuts Survey had cut full-time staff in the past year.

Over 40 museums across the UK have closed in the last 10 years¹¹, in a trend that we expect to continue over the next three years under existing spending arrangements.

4. What next for museums?

The Museums Association believes that museums are at a tipping point. Under a scenario in which museum budgets are cut by up to 40% over a four-year period, we believe that:

- Many museums will become financially unviable – particularly local authority museums. Some will be forced to close, while others will be ‘hollowed out’ with a lack of curatorial and learning staff undermining the museums’ ability to operate effectively. The overall savings delivered to HM Treasury by museums are very small, while the public impact of museum closure or failure will be high.
- More museums will charge for entry and other services including education visits.
- Some museums or governing bodies will seek to sell items from museum collections for financial gain, running counter to public opinion and to museum ethics.
- Local economies, schools and town centres will suffer due to the weakening or loss of a key focal point for civic life.
- Museums will lose expertise and skills and be less able to offer high quality jobs and apprenticeships.

5. What action can government take to support museums?

There are a number of possible actions that could be taken to improve the position of museums across the UK.

Higher education, social services and National Health Service partnerships

Museums are increasingly working to deliver public policy goals through partnership work with other public bodies. These kinds of partnerships require a small amount of seed-funding, and can have major impacts in terms of increasing the social impact of both the museum and the partner organisation. The Museum Association’s ‘Museums Change Lives’ campaign highlights the important impact museums can have by working in such partnerships¹².

The Museums Association believes that a fund to support partnership working across government agencies and local authorities to deliver on specific policy goals (such as the Prime Minister’s Challenge on Dementia, reducing child poverty and improving young people’s skills) would be an effective and targeted use of public funds.

Increasing philanthropy and sponsorship

¹¹ <http://www.museumsassociation.org/campaigns/funding-cuts/19062013-museum-closures-map>

¹² <http://www.museumsassociation.org/museums-change-lives>

Philanthropy and sponsorship already play an increasing role in our museums. Substantial effort has been devoted to develop a culture of fundraising through philanthropic giving, including via Arts Council England's Arts Fundraising and Philanthropy programme¹³. While this programme has yet to deliver its final report, anecdotal evidence tells us that there are limits on the ability of private finance to fund museums on an ongoing basis:

- Philanthropists and sponsors tend to work with strong institutions which benefit from core public funding to keep the doors open and develop an attractive public offer.
- Relatively few sources of philanthropy exist for museums outside of London and a few other wealthy areas. Any attempt to generate further philanthropic giving must ensure that support is directed towards all regions of the UK.

The Museums Association believes that further support for philanthropic giving and sponsorship is valid, but must not be seen as a replacement for core public funding. A successful model to motivate increased funding for cultural organisations is Brazil's Rouanet Law, which allows tax breaks on giving by corporations. The tax incentive enable businesses to invest a part of their payable corporation tax in cultural activities.

As an example, were the same incentives to apply in the UK, if a company were due to pay £10m in corporation tax, it could allocate £400,000 to sponsor cultural activity, obtaining in compensation the exposure achieved by normal sponsorship. The amount in question would then be received as a deduction or rebate from its corporation tax for the following year.

If Treasury were to give serious consideration to implementing a similar scheme, this could galvanise a step-change in corporate support for museums, while enabling the UK government to continue to offer one of the lowest corporation tax regimes of any major economy in the world.

Entrepreneurship

Museums are working to become more entrepreneurial, and often require support to develop business plans and ideas that make the most of their assets. Further support for museums to become more sustainable businesses would be welcome. However, it is important to note that many museums – particularly larger museums – have already taken action to diversify their income and often there is little low-hanging fruit remaining for museums to capitalise upon.

Community Infrastructure Levy

The Community Infrastructure Levy (CIL) raises funds from developers for use in the local community. This can be used for cultural support, but has not been widely used so far. The Museums Association believes that more could be done to encourage local authorities to devote funds raised through the CIL to museums. These funds can be used to upgrade or conduct vital upkeep to existing cultural facilities, as well as building new ones.

The rules for the CIL state that the local authority is required to list the categories of infrastructure it will spend the proceeds of CIL on, and those categories or projects it will use section 106 obligations

¹³ <http://www.artscouncil.org.uk/what-we-do/our-priorities-2011-15/arts-fundraising-and/>

to help pay for. This is termed the 'regulation 123 list'. It is prepared by the charging authority, and can be amended by them as often as required by posting the change on their website.

It is important that local authorities see the CIL as a way of supporting culture. Only by unambiguous inclusion of culture in the regulation 123 list can the proceeds of the Community Infrastructure Levy be spent on the cultural goods. Introducing a recommended minimum spend on culture as a portion of the CIL pot of funding could help to direct more of these funds towards local authority museum services.

Annex: Further Information on museum funding in the UK

Museum funding typically comes from three sources:

- **Public funding**, including funding from DCMS, Arts Council England, Museums and Galleries Scotland, CyMAL (Wales) and Northern Ireland Museums Council. It also includes local authority funding. Lottery funding also constitutes a growing portion of funding.
- **Philanthropic giving and donations**, including from trusts, foundations, corporate and individual giving.
- **Earned income**, including all income earned from commercial activity, such as ticket sales, event hire, shop income, café income etc.

The proportions of funding from these sources will differ between different museums. Almost all museums have seen their public funding fall in the last five years, and many have been working to become more resilient and sustainable organisations. However, it is useful to look at the different types of museum across the sector, as there are different trends in each category. There are four main types of museum in England:

Local authority museums These museums include many major regional museums, such as Bristol Museums and Art Gallery and Manchester Art Gallery, and many local museums. The collections and buildings of these museums are usually wholly owned by a local authority and, in most cases, staff are directly employed and managed by the local authority. There is a growing trend to contract out management of the museum (and employment of staff) to a specially created charitable company, with the majority of its funding being provided by the local authority, but increasing amounts raised from other sources; examples include Luton Museums and Birmingham Museums Trust. Many local-authority museums have received Arts Council England funding. Many are suffering sharp cuts in local government funding and face cuts over the next two to three years.

National museums National museums exist under statute and are quangos governed by trustees, many of whom are government-appointed. The great majority are located in London; examples include the National Gallery and Imperial War Museum. Some London-based nationals have branches elsewhere, such as Tate St Ives and the National Railway Museum, York. A small number of nationals, such as the Royal Armouries and National Museums Liverpool, are located outside London. All receive significant central government funding, usually from DCMS, and those in London generate increasing amounts of their own income from trading, fundraising and charging for events and exhibitions. With a few exceptions they offer free admission to their core collection displays.

National museums are not eligible for most types of Arts Council museum funding. National museums have seen actual or planned reductions in DCMS funding and are working hard to try to cut costs (including staff) and generate alternative sources of income, which is easier in London than in other parts of the country. A further sub-set of national museums are military museums, which are in general supported by the Ministry of Defence.

Independent museums These museums are usually constituted as charitable companies limited by guarantee. Examples include Dulwich Picture Gallery, the Mary Rose Museum and many industrial and local museums. With some exceptions, they tend not to have any regular public funding, instead generating their own income each year from a combination of trading (retail, catering, events, venue hire), fundraising (charitable, private and Heritage Lottery Fund) and admission charges – although some smaller independent museums offer free admission. A large number of independent museums receive some public funding either from local authorities or the Arts Council England. Currently, many independent museums are thriving as visitor figures increase and they embrace new business opportunities. Others are struggling financially as their local authority support is cut.

University museums University museums have a variety of governance structures but are generally part of their parent university and managed and funded by the university. Examples include the Ashmolean and Fitzwilliam Museums, Manchester Museum and the Barber Institute. In many cases the university receives special funding from the Higher Education Funding Council for England towards some of the costs of the museum. Some university museums generate increasing amounts of income from external sources. Some university museums receive Arts Council England funding. University Museums are generally not experiencing significant cuts in support from their parent universities.